

October 19, 2005

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110


**Re: Docket No. D.T.E. 01-106, Investigation by the Department of
Telecommunications and Energy on its own Motion to Increase the
Participation Rate for Discounted Electric, Gas and Telephone Service
Pursuant to G.L. c. 159, § 105 and G.L. c. 164, § 76 and D.T.E. 05-56,
Residential Assistance Adjustment Provision.**

Dear Secretary Cottrell:

On behalf of Massachusetts Electric Company and Nantucket Electric Company (collectively "Company"), I am filing a tariff setting forth the Company's Residential Assistance Adjustment Factor in compliance with the Department's October 14, 2005 order. The tariff, attached as Attachment 1, shows an effective date of November 1, 2005. In addition, I am providing the calculation of an Adjustment Factor of \$0.00005 for the period November 2005 through October 2006 in Attachment 2.

Thank you very much for your time and attention to this matter.

Very truly yours,



Amy G. Rabinowitz

cc: Service Lists

MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY
RESIDENTIAL ASSISTANCE ADJUSTMENT PROVISION

The prices for Retail Delivery Service contained in all the rate schedules of the Company are subject to adjustment to reflect the recovery of lost revenue associated with net incremental customers receiving retail delivery service under Rate R-2 pursuant to the Department of Telecommunications and Energy's ("Department") order in D.T.E. 01-106-C.

On an annual basis, the Company shall estimate lost revenue as the difference between the discount provided ("baseline amount") to Rate R-2 customers for the twelve month period July 2004 through June 2005 (the "baseline period") and the discount provided to Rate R-2 customers for the current twelve month period. This estimate of lost revenue shall be used to determine the amount of lost revenue to be reflected on a per kilowatt-hour basis in retail delivery service rates on a prospective basis. Such per kWh charge is referred to as the Residential Assistance Adjustment Factor.

The baseline amount shall be calculated by multiplying the monthly billing units for the baseline period by the difference between the Regular Residential Rate R-1 ("Rate R-1") customer charge and distribution energy charge and the Rate R-2 customer charge and distribution energy charge in effect during the baseline period.

The current period discount shall be estimated based on a projection of the monthly billing units for the annual periods subsequent to the baseline period multiplied by the difference between the Rate R-1 customer charge and distribution energy charge and the Rate R-2 customer charge and distribution energy charge in effect at the time of the estimate.

The estimate of the current period discount shall be subject to reconciliation against the actual discount provided during the twelve month period, and any over- or under-estimate of the actual discount provided shall be reflected in a subsequent Residential Assistance Adjustment Factor. The actual discount provided shall be calculated by multiplying the monthly billing units during the current period by the difference between the Rate R-1 customer charge and distribution energy charge and the Rate R-2 customer charge and distribution energy charge in effect during each month.

In addition, the revenue billed through the Residential Assistance Adjustment Factor shall be subject to reconciliation against the actual discount provided during the twelve month period for which the Residential Assistance Adjustment Factor is applicable, and any over- or under-recovery of the actual discount provided shall be reflected in a subsequent Residential Assistance Adjustment Factor. The actual revenue billed through the Residential Assistance Adjustment Factor shall be calculated as the Residential Assistance Adjustment Factor in effect multiplied by the kWh deliveries subject to the Residential Assistance Adjustment Factor.

For purposes of the above reconciliations, the Company shall accumulate the actual discounts provided to Rate R-2 customers in excess of the baseline amount and the revenue

MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY
RESIDENTIAL ASSISTANCE ADJUSTMENT PROVISION

billed under the Residential Assistance Adjustment Factor and shall accrue interest on the difference between these amounts at the Prime rate on a monthly basis.

Should any balance remain outstanding subsequent to the recovery of the increased discount above the baseline amount as described above, the Company shall reflect as an adjustment in the current period the amount of the outstanding balance.

In no event shall the Company implement a Residential Assistance Adjustment Factor that is a credit.

Each adjustment of the prices under the Company's applicable rates shall be in accordance with a notice filed with the Department setting forth the amount of the increase or decrease and the new Residential Assistance Adjustment Factor amount. The notice shall further specify the effective date of such adjustment, which shall not be earlier than thirty days after the filing of the notice, or such other date as the Department may authorize.

This provision is applicable to all Retail Delivery Service rates of the Company. The operation of this Residential Assistance Adjustment clause is subject to Chapter 164 of the General Laws.

Effective November 1, 2005

Massachusetts Electric Company
Nantucket Electric Company
Calculation of Residential Assistance Adjustment Factor
Associated with Increased R-2 Participation

(1)	Estimated Discount Provided, July 2005 through June 2006	\$14,039,221
(2)	Baseline Discount Provided, July 2004 through June 2005	<u>\$12,766,848</u>
(3)	Incremental Discount to be Recovered, November 2005 - October 2006	\$1,272,373
(4)	Forecasted kWh Deliveries, November 2005 - October 2006	<u>22,840,972,255</u>
(5)	RAAF, November 2005 through October 2006	\$0.00005

- (1) Page 2
- (2) Page 3
- (3) Line (1) - Line (2)
- (4) Per Company forecast for Mass. Electric and Nantucket Electric
- (5) Line (3) ÷ Line (4), truncated after 5 decimal places

Massachusetts Electric Company
Nantucket Electric Company
Calculation of Estimated Lost Revenue
Associated with Increased R-2 Participation

		Forecasted Billing Units				R-1 Rates		R-2A Rates		R-2E Rates		Baseline		
		Number of Bills		kWh Deliveries								Customer Charge	Distribution Charge	Customer Charge
		R-2A (a)	R-2E (b)	R-2A (c)	R-2E (d)	(e)	(f)	(g)	(h)	(i)	(j)			
*	July 2005	77,160	3,344	47,611,677	1,387,590	\$5.81	\$0.02502	\$3.77	\$0.00463	\$0.87	\$0.00579	\$173,926	\$997,485	\$1,171,411
*	August	77,041	3,326	52,407,912	1,631,871	\$5.81	\$0.02502	\$3.77	\$0.00463	\$0.87	\$0.00579	\$173,594	\$1,099,978	\$1,273,572
*	September	77,568	3,297	5,427,261	1,413,390	\$5.81	\$0.02502	\$3.77	\$0.00463	\$0.87	\$0.00579	\$174,526	\$137,841	\$312,367
	October	85,918	3,916	40,834,479	1,289,164	\$5.81	\$0.02502	\$3.77	\$0.00463	\$0.87	\$0.00579	\$194,618	\$857,406	\$1,052,023
	November	83,786	4,015	43,388,369	1,316,865	\$5.81	\$0.02502	\$3.77	\$0.00463	\$0.87	\$0.00579	\$190,758	\$910,012	\$1,100,770
	December	82,070	3,753	54,106,833	1,533,609	\$5.81	\$0.02502	\$3.77	\$0.00463	\$0.87	\$0.00579	\$185,963	\$1,132,730	\$1,318,692
	January 2006	84,881	3,776	60,434,219	1,725,530	\$5.81	\$0.02502	\$3.77	\$0.00463	\$0.87	\$0.00579	\$191,811	\$1,265,436	\$1,457,246
	February	86,868	3,764	55,852,522	1,612,546	\$5.81	\$0.02502	\$3.77	\$0.00463	\$0.87	\$0.00579	\$195,805	\$1,169,842	\$1,365,647
	March	88,533	3,709	61,650,286	924,020	\$5.81	\$0.02502	\$3.77	\$0.00463	\$0.87	\$0.00579	\$198,930	\$1,274,818	\$1,473,748
	April	90,016	3,686	48,233,879	1,321,183	\$5.81	\$0.02502	\$3.77	\$0.00463	\$0.87	\$0.00579	\$201,841	\$1,008,895	\$1,210,737
	May	91,339	3,595	44,152,338	1,049,996	\$5.81	\$0.02502	\$3.77	\$0.00463	\$0.87	\$0.00579	\$204,091	\$920,458	\$1,124,548
	June	<u>91,987</u>	<u>3,479</u>	<u>46,605,739</u>	<u>1,213,089</u>	\$5.81	\$0.02502	\$3.77	\$0.00463	\$0.87	\$0.00579	<u>\$204,840</u>	<u>\$973,619</u>	<u>\$1,178,458</u>
Total		1,017,167	43,660	560,705,514	16,418,853							\$2,290,701	\$11,748,520	\$14,039,221

- (a) Per Company billing records, Mass. Electric and Nantucket Electric, plus estimated incremental billing units from incremental customers for October 2005 - June 2006 per Page 4
(b) Per Company billing records, former Eastern Edison customers grandfathered on Eastern Edison Company's low income distribution rates pursuant to the terms of the settlement in Docket 99-47
(c) Per Company billing records, Mass. Electric and Nantucket Electric, plus estimated incremental billing units from incremental customers for October 2005 - June 2006 per Page 4
(d) Per Company billing records, former Eastern Edison customers grandfathered on Eastern Edison Company's low income distribution rates pursuant to the terms of the settlement in Docket 99-47
(e) Per Rate R-1 Tariff, M.D.T.E. No. 1073, Sheet 1
(f) Per Rate R-1 Tariff, M.D.T.E. No. 1073, Sheet 1
(g) Per Rate R-2 Tariff, M.D.T.E. No. 1074, Sheet 1
(h) Per Rate R-2 Tariff, M.D.T.E. No. 1074, Sheet 1
(i) Per Rate R-2 Tariff, M.D.T.E. No. 1074, Sheet 1
(j) Per Rate R-2 Tariff, M.D.T.E. No. 1074, Sheet 1
(k) Column (a) x [Column (e) - Column (g)] + Column (b) x [Column (e) - Column (i)]
(l) Column (c) x [Column (f) - Column (h)] + Column (d) x [Column (f) - Column (j)]
(m) Column (k) + Column (l)

Massachusetts Electric Company
Nantucket Electric Company
Calculation of Baseline
Associated with R-2 Participation

	Number of Bills		kWh Deliveries		R-1 Rates		R-2A Rates		R-2E Rates		Baseline		
	R-2A (a)	R-2E (b)	R-2A (c)	R-2E (d)	Customer Charge (e)	Distribution Charge (f)	Customer Charge (g)	Distribution Charge (h)	Customer Charge (i)	Distribution Charge (j)	Customer Charge (k)	Distribution Charge (l)	Total (m)
July 2004	78,356	4,500	41,334,975	1,695,151	\$5.81	\$0.02502	\$3.77	\$0.00463	\$0.87	\$0.00579	\$182,076	\$875,418	\$1,057,494
August	77,951	4,462	44,551,956	1,771,336	\$5.81	\$0.02502	\$3.77	\$0.00463	\$0.87	\$0.00579	\$181,062	\$942,477	\$1,123,539
September	77,151	4,421	44,872,922	1,812,179	\$5.81	\$0.02502	\$3.77	\$0.00463	\$0.87	\$0.00579	\$179,228	\$949,807	\$1,129,035
October	76,936	4,376	36,848,305	1,314,798	\$5.81	\$0.02502	\$3.77	\$0.00463	\$0.87	\$0.00579	\$178,567	\$776,621	\$955,187
November	71,514	3,592	36,468,082	1,144,008	\$5.81	\$0.02502	\$3.77	\$0.00463	\$0.87	\$0.00579	\$163,633	\$765,583	\$929,217
December	68,811	3,505	43,812,702	1,287,463	\$5.81	\$0.02502	\$3.77	\$0.00463	\$0.87	\$0.00579	\$157,689	\$918,099	\$1,075,788
January 2005	71,839	3,490	49,067,959	1,265,663	\$5.81	\$0.02502	\$3.77	\$0.00463	\$0.87	\$0.00579	\$163,792	\$1,024,834	\$1,188,627
February	73,791	3,470	47,730,598	1,186,308	\$5.81	\$0.02502	\$3.77	\$0.00463	\$0.87	\$0.00579	\$167,675	\$996,040	\$1,163,715
March	75,122	3,443	49,506,385	1,212,682	\$5.81	\$0.02502	\$3.77	\$0.00463	\$0.87	\$0.00579	\$170,257	\$1,032,755	\$1,203,012
April	76,289	3,430	41,320,450	1,015,217	\$5.81	\$0.02502	\$3.77	\$0.00463	\$0.87	\$0.00579	\$172,574	\$862,047	\$1,034,620
May	77,267	3,407	35,460,774	932,240	\$5.81	\$0.02502	\$3.77	\$0.00463	\$0.87	\$0.00579	\$174,455	\$740,972	\$915,427
June	<u>77,321</u>	<u>3,377</u>	<u>39,003,868</u>	<u>1,116,977</u>	\$5.81	\$0.02502	\$3.77	\$0.00463	\$0.87	\$0.00579	<u>\$174,417</u>	<u>\$816,768</u>	<u>\$991,186</u>
Total	902,348	45,473	509,978,976	15,754,022							\$2,065,427	\$10,701,421	\$12,766,848

- (a) Per Company billing records, Mass. Electric and Nantucket Electric
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Massachusetts Electric Company
Nantucket Electric Company
Calculation of Growth in R-2 Billing Units
Associated with R-2 Participation

	Rate R-1 Forecasted Units			Estimated Customer Growth (d)	Estimated kWh Growth (e)
	No. of	kWh	Average		
	<u>Customers</u> (a)	<u>Deliveries</u> (b)	<u>kWh</u> (c)		
October	992,387	580,863,297	585	5,652	3,308,225
November	994,983	604,300,737	607	5,652	3,432,730
December	997,534	772,113,785	774	5,652	4,374,775
January 2006	995,258	841,629,373	846	5,652	4,779,554
February	993,820	754,788,411	759	5,652	4,292,592
March	992,776	734,690,550	740	5,652	4,182,687
April	991,808	620,080,447	625	5,652	3,533,642
May	991,116	556,554,887	562	5,652	3,173,845
June	991,138	606,454,894	612	5,652	3,458,331

- (a) Per Company forecast for Mass. Electric for Rate R-1
- (b) Per Company forecast for Mass. Electric for Rate R-1
- (c) Column (b) ÷ Column (a)
- (d) Per first match with EOHHS of Rate R-1 customers transferred to Rate R-2
- (e) Column (c) x Column (d)